

**MADISON PORT COMMISSION  
Tallulah, Louisiana**

**Annual Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
December 31, 2012  
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 09 2013

**MADISON PORT COMMISSION**  
**Tallulah, Louisiana**

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**With Independent Auditor's Report**  
**As of and for the Year Ended December 31, 2012**  
**With Supplemental Information Schedules**

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**MADISON PORT COMMISSION**  
**Tallulah, Louisiana**  
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## **Independent Auditor's Report**

### **MADISON PORT COMMISSION**

Tallulah, Louisiana

#### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities and major fund of the Madison Port Commission, a component unit of the Madison Parish Police Jury, as of December 31, 2012, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Madison Port Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Madison Port Commission's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**MADISON PORT COMMISSION**  
**Tallulah, Louisiana**  
**Independent Auditor's Report,**  
**December 31, 2012**

***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and major fund of the Madison Port Commission as of December 31, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 9 and the budgetary comparison information on pages 27 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with managements's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madison Port Commission's office basic financial statements. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The supplemental information schedules listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

MADISON PORT COMMISSION  
Tallulah, Louisiana  
Independent Auditor's Report.  
December 31, 2012

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued a report dated May 27, 2013, on my consideration of the Madison Port Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Madison Port Commission's internal control over financial reporting and compliance.



West Monroe, Louisiana  
May 27, 2013

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

**MADISON PORT COMMISSION**  
Tallulah, Louisiana

**Management's Discussion and Analysis**  
December 31, 2012

As management of the Madison Port Commission, we offer readers of the Madison Port Commission's financial statements this narrative overview and analysis of the financial activities of the Madison Port Commission for the year ended December 31, 2012. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**Overview of the Financial Statements**

This Management Discussion and Analysis document introduces the Port commission's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Madison Port Commission's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

The Madison Port Commission adopts an annual appropriated budget for the general fund. The port did not adopt a budget for the construction fund. A budgetary comparison statement is provided for the major funds to demonstrate compliance with this budget.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Madison Port Commission's performance.



## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Madison Port Commission exceeded liabilities by \$9,501,575. Approximately 78% of the Madison Port Commission's net position reflects its investment in capital assets (e.g., equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

The balance in unrestricted net position is affected by two factors: 1) resources expended, over time, by the Madison Port Commission to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets being included in the statement of net position.

### STATEMENT OF NET POSITION

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$1,763,912	\$1,597,389
Receivables	324,926	358,356
Capital assets (not depreciated)	3,961,636	3,921,437
Capital assets (net of accumulated depreciation)	<u>3,473,636</u>	<u>3,686,437</u>
<b>TOTAL ASSETS</b>	<u><u>\$9,524,110</u></u>	<u><u>\$9,563,619</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$15,650	\$9,822
Payroll deducts payable	<u>6,885</u>	<u>9,380</u>
<b>TOTAL LIABILITIES</b>	<u><u>22,535</u></u>	<u><u>19,202</u></u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	7,435,272	7,607,874
Unrestricted	<u>2,066,303</u>	<u>1,936,543</u>
<b>TOTAL NET POSITION</b>	<u><u>\$9,501,575</u></u>	<u><u>\$9,544,417</u></u>

### STATEMENT OF ACTIVITIES

	<u>2012</u>	<u>2011</u>
<b>Taxation:</b>		
Personal services	\$179,568	\$174,803
Operating services	170,206	162,395
Materials and supplies	4,945	4,743
Intergovernmental	9,744	9,406
Depreciation expense	<u>212,801</u>	<u>221,612</u>
Total Program Expenses	577,264	572,959
Program revenues - Leases	<u>152,328</u>	<u>200,747</u>
Net Program Expenses	(424,936)	(372,212)
<b>General revenues:</b>		
Taxes - ad valorem	306,873	296,214
<b>Intergovernmental:</b>		
Federal revenue	21,834	328,795
State revenue sharing	11,607	11,467
Other state grants	40,199	380,290
Interest earned	1,581	3,860

Other revenue		\$340
Total General Revenues	<u>\$382,094</u>	<u>1,020,966</u>
Special item - proceeds from insurance		
Change in Net Position	(42,842)	648,754
Net Position - Beginning of year	<u>9,544,417</u>	<u>8,895,663</u>
Net Position - End of year	<u>\$9,501,575</u>	<u>\$9,544,417</u>

## **Financial Analysis of the Government's Funds**

As noted earlier, the Madison Port Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2012, the General Fund unreserved, undesignated fund balance of \$1,978,847 showed an increase of \$137,099 over December 31, 2011. As of December 31, 2012, the Construction Fund unreserved, undesignated fund balance of \$87,456 showed a decrease of \$7,339 over December 31, 2011.

## **General Fund Budgetary Highlights**

There was no budget amendment for the general fund or the construction fund.

## **Capital Asset and Debt Administration**

**Capital assets.** The Madison Port Commission's investment in capital assets for its governmental activities as of December 31, 2012, amounts to \$7,435,272 (net of accumulated depreciation). This investment includes land, buildings, improvements, furniture and equipment, and construction in progress. There were increases of \$40,199, which consisted solely of construction in progress. There were no decreases in capital assets for the year ended December 31, 2012.

**Long-term debt.** At the end of the fiscal year, Madison Port Commission had no debt outstanding.

## **Requests for Information**

This financial report is designed to provide a general overview of the Madison Port Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Madison Port Commission, P.O. Box 591, Tallulah, LA 71282.

May 27, 2013

## **BASIC FINANCIAL STATEMENTS**

**Statement A****MADISON PORT COMMISSION  
Tallulah, Louisiana****STATEMENT OF NET POSITION  
December 31, 2012****ASSETS**

Cash and cash equivalents	\$1,763,912
Receivables	324,926
Capital assets (not depreciated)	3,961,636
Capital assets (net of accumulated depreciation)	<u>3,473,636</u>
<b>TOTAL ASSETS</b>	<b><u>\$9,524,110</u></b>

**LIABILITIES**

Accounts payable	\$15,650
Payroll deducts payable	<u>6,885</u>
<b>TOTAL LIABILITIES</b>	<b><u>22,535</u></b>

**NET POSITION**

Invested in capital assets, net of related debt	7,435,272
Unrestricted	<u>2,066,303</u>
<b>TOTAL NET POSITION</b>	<b><u>\$9,501,575</u></b>

The accompanying notes are an integral part of this statement.

**MADISON PORT COMMISSION**  
Tallulah, Louisiana

**STATEMENT OF ACTIVITIES**  
December 31, 2012

<b>Transportation:</b>	
Personal services	\$179,568
Operating services	170,206
Materials and supplies	4,945
Intergovernmental	9,744
Depreciation expense	<u>212,801</u>
Total Program Expenses	<u>577,264</u>
<b>Program revenues:</b>	
Leases	<u>152,328</u>
Net Program Expenses	<u>(424,936)</u>
<b>General revenues</b>	
Taxes - ad valorem	306,873
Intergovernmental:	
Federal revenue	21,834
State revenue sharing	11,607
Other state grants	40,199
Interest earned	<u>1,581</u>
Total general revenues	382,094
<b>Change in Net Position</b>	(42,842)
<b>Net Position - Beginning of year</b>	<u>9,544,417</u>
<b>Net Position - End of year</b>	<u><u>\$9,501,575</u></u>

The accompanying notes are an integral part of this statement.

**MADISON PORT COMMISSION**  
**Tallulah, Louisiana**  
**GOVERNMENTAL FUNDS**

Balance Sheet, December 31, 2012

	MAJOR FUNDS		
	GENERAL FUND	CONSTRUCTION FUND	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$1,676,456	\$87,456	\$1,763,912
Receivables	321,151	3,775	324,926
<b>TOTAL ASSETS</b>	<u>\$1,997,607</u>	<u>\$91,231</u>	<u>\$2,088,838</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Accounts payable	\$11,875	\$3,775	\$15,650
Payroll deducts payable	6,885		6,885
<b>TOTAL LIABILITIES</b>	18,760	3,775	22,535
<b>Fund Equity - fund balances:</b>			
Restricted - capital improvements		87,456	87,456
Unassigned	1,978,847		1,978,847
<b>TOTAL FUND EQUITY</b>	<u>1,978,847</u>	<u>\$87,456</u>	<u>2,066,303</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$1,997,607</u>	<u>\$91,231</u>	<u>\$2,088,838</u>

The accompanying notes are an integral part of this statement.

**MADISON PORT COMMISSION**  
**Tallulah, Louisiana**

**Reconciliation of Governmental Funds**  
**Balance Sheet to the Statement of Net Position**

**For the Year Ended December 31, 2012**

<b>Total Fund Balances - Governmental Funds (Statement C)</b>		<b><u>\$2,066,303</u></b>
<b>Cost of capital assets</b>	<b>\$11,823,884</b>	
<b>Less: Accumulated depreciation</b>	<b><u>(4,388,612)</u></b>	<b><u>7,435,272</u></b>
<b>Net Position (Statement A)</b>		<b><u>\$9,501,575</u></b>

**The accompanying notes are an integral part of this statement.**

**MADISON PORT COMMISSION**  
**Tallulah, Louisiana**  
**GOVERNMENTAL FUNDS**

**Statement of Revenues, Expenditures,  
and Changes in Fund Balances**

**For the Year Ended December 31, 2012**

	<b>MAJOR FUNDS</b>		
	<b>GENERAL FUND</b>	<b>CONSTRUCTION FUND</b>	<b>TOTAL</b>
<b>REVENUES</b>			
Taxes - ad valorem	\$306,873		\$306,873
Intergovernmental revenues:			
Federal	3,986	\$17,848	21,834
State revenue sharing	11,607		11,607
Other state grants		40,199	40,199
Use of money and property:			
Leases	152,328		152,328
Interest earned	1,536	45	1,581
Total revenues	<u>476,330</u>	<u>58,092</u>	<u>534,422</u>
<b>EXPENDITURES</b>			
Transportation:			
Current:			
Personal services	179,568		179,568
Operating services	144,974	25,232	170,206
Materials and supplies	4,945		4,945
Capital outlay		40,199	40,199
Intergovernmental	9,744		9,744
Total expenditures	<u>339,231</u>	<u>65,431</u>	<u>404,662</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	137,099	(7,339)	129,760
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>1,841,748</u>	<u>94,795</u>	<u>1,936,543</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$1,978,847</u>	<u>\$87,456</u>	<u>\$2,066,303</u>

The accompanying notes are an integral part of this statement.



**MADISON PORT COMMISSION  
Tallulah, Louisiana**

**Reconciliation of Governmental Funds  
Statement of Revenue, Expenditures, and Changes  
in Fund Balances to the Statement of Activities**

**For the Year Ended December 31, 2012**

<b>Total net change in fund balances - governmental funds (Statement D)</b>	<b>\$129,760</b>
<b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>	
<b>Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation for the period.</b>	
	<b><u>(172,602)</u></b>
<b>Change in net position of governmental activities (Statement B)</b>	<b><u>(\$42,842)</u></b>

**The accompanying notes are an integral part of this statement.**

**MADISON PORT COMMISSION**  
**Tallulah, Louisiana**

**Notes to the Financial Statements**  
**As of and For the Year Ended December 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Madison Parish Port Commission was created by Act 369 of the 1966 Session of the Louisiana Legislature as the governing authority of the Madison Parish Port, Harbor, and Terminal District. The board of commissioners consist of seven members who serve four-year staggered terms; six appointed by the Madison Parish Police Jury, and one elected by the six appointed members. Commissioners serve without compensation.

The accompanying financial statements of the Madison Port Commission have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

**A. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Madison Parish Police Jury is the financial reporting entity for Madison Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Madison Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the police jury to impose its will on that organization and/or

## Tallulah, Louisiana

**Notes to the Financial Statements (Continued)**

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.**
- 2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.**
- 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.**

Because the police jury appoints the port commission's governing body, the port commission was determined to be a component unit of the Madison Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds of the port commission and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

## B. BASIC FINANCIAL STATEMENTS- GOVERNMENT-WIDE STATEMENTS

The port commission's basic financial statements include both government-wide (reporting the port commission as a whole) and fund financial statements (reporting the port commission's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the port commission are classified as governmental.

**The Statement of Net Position (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the port commission.**

**In the Statement of Net Position, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net position are reported in three parts; invested in capital assets, net of any related debt; restricted net position; and unrestricted net position. The port commission first uses restricted resources to finance qualifying activities.**

**The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized**

## **MADISON PORT COMMISSION**

Tallulah, Louisiana

### **Notes to the Financial Statements (Continued)**

when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the port commission's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the port commission's general revenues.

**Allocation of Indirect Expenses** - The port commission reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

## **C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS**

The financial transactions of the port commission are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the port commission. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to

## **MADISON PORT COMMISSION**

**Tallulah, Louisiana**

### **Notes to the Financial Statements (Continued)**

account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The port commission's current operations require only the use of governmental funds (General Fund). Revenues of the General Fund include ad valorem taxes, state revenue sharing, fees, fines and forfeitures, and interest earnings. General operating expenditures are paid from this fund.

#### **D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

##### **1. Accrual:**

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

##### **2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and the fiduciary type agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The port commission considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund

## **MADISON PORT COMMISSION**

**Tallulah, Louisiana**

### **Notes to the Financial Statements (Continued)**

liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

#### **Revenues**

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Fees, fines, and forfeitures are recorded when the port commission is entitled to the funds.

Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Interest income on demand deposits is recorded monthly when the interest is earned and credited to the account.

Based on the above criteria, ad valorem taxes, state revenue sharing, and fees, fines, and forfeitures have been treated as susceptible to accrual.

#### **Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due.

### **E. CASH AND CASH EQUIVALENTS**

Under state law, the port commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**MADISON PORT COMMISSION**

Tallulah, Louisiana

**Notes to the Financial Statements (Continued)**

At December 31, 2012, the port commission has cash and cash equivalents (book balances) totaling \$1,763,912.

Demand deposits	\$1,160,709
Time deposits	<u>603,203</u>
Total	<u>\$1,763,912</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 2012, are secured as follows:

Bank balances	<u>\$1,764,750</u>
Federal deposit insurance	\$500,000
Pledged securities (uncollateralized)	<u>1,734,226</u>
Total	<u>\$2,234,226</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the port commission, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106. However, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the port commission that the fiscal agent bank has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the port commission's name.

**F. CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the port commission, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

**MADISON PORT COMMISSION**  
**Tallulah, Louisiana**  
**Notes to the Financial Statements (Continued)**

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	20 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

**G. ANNUAL AND SICK LEAVE**

Employees of the port commission earn ten days of vacation and five days of sick leave per year. Vacation leave must be taken in the year earned and cannot be carried forward. Upon retirement, employees are paid for accumulated sick leave.

At December 31, 2012, the maximum amount of accumulated and vested employee leave benefits is not material and is not reflected in the financial statements. The cost of leave privileges is recognized as a current year expenditure when leave is actually taken or when employees are paid for accrued leave upon separation.

**H. RISK MANAGEMENT**

The port commission is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the port commission maintains a commercial insurance policy covering property, general liability, employee fidelity, and workmen's compensation. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2012.

**2. LEVIED TAXES**

The ad valorem tax millage levied by the port commission was 2.71 mills for the year ended December 31, 2012. The authorized millage for the year ended December 31, 2012, was 3.0 mills. The difference between authorized and levied millages is the result of reassessments of taxable property within the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974. The following are the principal taxpayers for the parish and their 2012 assessed valuation (amounts expressed in thousands):



**MADISON PORT COMMISSION**

Tallulah, Louisiana

**Notes to the Financial Statements (Continued)**

	2012 Assessed Valuation	Percent of Total
Gulf South Pipeline Co. LP	\$23,381	19.53 %
Southeast Supply Header	21,610	18.05 %
Gulf Crossing Pipeline	12,792	10.69 %
Midcontinent Express Pipeline, LLC	10,356	8.65 %
Entergy Louisiana, LLC	3,636	3.04 %
Columbia Gulf Transportation	1,519	1.27 %
Kansas City Southern Railway Co.	1,186	0.99 %
Complex Chemicals Co., Inc.	1,114	0.93 %
Lubrizol	985	0.82 %
Bunge North America, Inc.	916	0.77 %
Total	<u>\$77,495</u>	<u>64.73 %</u>

**3. RECEIVABLES**

The General Fund receivables of \$324,926 at December 31, 2012, are as follows:

<u>Class of receivables:</u>	<u>General Fund</u>	<u>Construction Fund</u>
Taxes - ad valorem	\$308,405	
State grant		\$3,775
State revenue sharing (net)	7,738	
Leases	5,008	
Total	<u>\$321,151</u>	<u>\$3,775</u>

**4. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets for the year ended December 31, 2012, follows:

	Balance at January 1,	Additions	Deletions	Balance at December 31,
Land	\$3,921,437			\$3,921,437
Construction in progress	NONE	\$40,199		40,199
Buildings	4,113,521			4,113,521
Improvements	3,561,507			3,561,507
Heavy equipment	130,362			130,362
Office equipment	30,462			30,462
Vehicles	26,396			26,396
Total	<u>11,783,685</u>	<u>40,199</u>	<u>NONE</u>	<u>11,823,884</u>

## **MADISON PORT COMMISSION**

**Tallulah, Louisiana**

### **Notes to the Financial Statements (Continued)**

	<u>Balance at January 1,</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31,</u>
Less accumulated depreciation	<u>(\$4,175,811)</u>	<u>(\$212,801)</u>	<u>NONE</u>	<u>(\$4,388,612)</u>
Net capital assets	<u>\$7,607,874</u>	<u>(\$172,602)</u>	<u>NONE</u>	<u>\$7,435,272</u>

#### **5. PENSION PLAN**

Substantially all employees of the port commission are members of the Louisiana State Employees Retirement System (LSERS), a multiple-employer, defined benefit pension plan. Generally, all full-time employees are eligible to participate in the system, with employee benefits vesting after 10 years of service.

All full-time employees who are under the age of 60 at the time of original employment and are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the system. Employees who retire at or after age 55 with at least 25 years of credited service or with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of credited service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

The system issues an annual publicly available report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Louisiana State Employee's Retirement System, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 922-0600.

Plan members are required by state statute to contribute 7.50 per cent of their annual covered salary and the Madison Parish Port Commission is required to contribute at an actuarially determined rate. The current rate is 29.1 per cent of annual covered payroll. The contribution requirements of plan members and the Madison Parish Port Commission are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Madison Parish Port Commission's contributions to the system for the years ending December 31, 2012, 2011, and 2010, were \$25,574, \$22,384, and \$19,335, respectively, equal to the required contributions for each year.

#### **6. LITIGATION AND CLAIMS**

The Madison Port Commission is not involved in any litigation at December 31, 2012, nor is it aware of any unasserted claims.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

**MADISON PORT COMMISSION**  
Tallulah, Louisiana

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
For the Year Ended December 31, 2012

	<u>BUDGET</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE )</u>
<b>REVENUES</b>			
Taxes - ad valorem	\$250,000	\$306,873	\$56,873
Intergovernmental revenues:			
Federal grants	3,000	3,986	986
State revenue sharing	11,000	11,607	607
Use of money and property:			
Leases	150,000	152,328	2,328
Interest earnings	1,000	1,536	536
Total revenues	<u>415,000</u>	<u>476,330</u>	<u>61,330</u>
<b>EXPENDITURES</b>			
Culture and recreation:			
Current			
Personal services and related benefits	183,700	179,568	4,132
Operating services	203,500	144,974	58,526
Materials and supplies	6,000	4,945	1,055
Capital outlay	21,800		21,800
Intergovernmental		9,744	(9,744)
Total expenditures	<u>415,000</u>	<u>339,231</u>	<u>75,769</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	NONE	137,099	137,099
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>NONE</u>	<u>1,841,748</u>	<u>1,841,748</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>NONE</u>	<u>\$1,978,847</u>	<u>\$1,978,847</u>

See accompanying note to budgetary comparison schedule.

**MADISON PORT COMMISSION**  
Tallulah, Louisiana

**BUDGETARY COMPARISON SCHEDULE**  
**CONSTRUCTION FUND**  
For the Year Ended December 31, 2012

	<u>BUDGET</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE )</u>
<b>REVENUES</b>			
Federal grants	\$17,848	\$17,848	
Other state grants	40,199	40,199	
Interest earnings		45	\$45
Total revenues	<u>58,047</u>	<u>58,092</u>	<u>45</u>
<b>EXPENDITURES</b>			
Transportation:			
Current			
Operating services	25,232	25,232	
Capital outlay	<u>40,199</u>	<u>40,199</u>	
Total expenditures	<u>65,431</u>	<u>65,431</u>	<u>NONE</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	(7,384)	(7,339)	45
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>94,795</u>	<u>94,795</u>	<u>NONE</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u><u>\$87,411</u></u>	<u><u>\$87,456</u></u>	<u><u>\$45</u></u>

See accompanying note to budgetary comparison schedule.

**MADISON PORT COMMISSION**  
**Tallulah, Louisiana**

**NOTE TO BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended December 31, 2012**

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Madison Port Commission during the month of December for comments from taxpayers. The budget is then legally adopted by the board and amended during the year, as necessary. The budget is established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and subsequent budget amendments.

**MADISON PORT COMMISSION  
Tallulah, Louisiana**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2012**

<b>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM NAME</b>	<b>CFDA NUMBER</b>	<b>PASS- THROUGH GRANT NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
<b>United States Department of Agriculture</b>			
Rural Business Opportunity Grants	10.773	N/A	\$17,848
<b>United States Department of Interior</b>			
Direct program - Payment in Lieu of Taxes	15.000	N/A	<u>3,986</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$21,834</u></u>

**FOOTNOTES:**

(1) The Schedule of Expenditures of Federal Awards was prepared on the modified accrual basis of accounting.

**REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
PART IV**



**Independent Auditor's Reports on Compliance with  
Laws, Regulations, Contracts, and Grants,  
and Internal Control**

The following independent Auditor's reports on compliance with laws, regulations, contracts, and grants and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; the U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the *Single Audit Act Amendments of 1996*; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**Independent Auditors Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance *Government Auditing Standards***

**MADISON PORT COMMISSION  
Tallulah, Louisiana**

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Madison Port Commission, a component unit of the Madison Parish Police Jury, as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Madison Port Commission's basic financial statements, and have issued my report thereon dated May 27, 2013.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Madison Port Commission's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Madison Port Commission's internal control. Accordingly, I do not express an opinion on the effectiveness of the Madison Port Commission's internal control.

*A deficiency in internal control* exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

MADISON PORT COMMISSION  
Tallulah, Louisiana  
Independent Auditor's Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
December 31, 2012

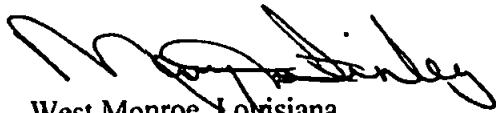
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Madison Port Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Madison Port Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Madison Port Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



West Monroe, Louisiana  
May 27, 2013

**MADISON PORT COMMISSION  
Tallulah, Louisiana**

**Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2012**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Madison Port Commission.
2. No instances of noncompliance material to the financial statements of the Madison Port Commission was disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**None**

**MADISON PORT COMMISSION  
Tallulah, Louisiana**

**Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2012**

**There were no findings reported in the audit report for the year ended December 31, 2011.**